The International Accounting Standards Board (IASB) reissued IAS 1, Presentation of Financial Statements, in September 2007. The main changes are amendments to presentation and terminology. Although the revised IAS 1 does not become effective until annual periods beginning on or after 1 January 2009, earlier adoption is permitted. ACCA operates a six-month rule for its exams, whereby accounting standards are not examined until six months after their date of issue. Therefore, the revised IAS 1 is examinable from the June 2008 exam session onwards.

The reissue of IAS 1 affects all ACCA exam papers which refer to ‘balance sheets’ or ‘cash flow statements’, as the revised standard has changed the name of these to ‘statement of financial position’ and ‘statement of cash flows’ respectively.

For ALL international papers* (excluding CAT Papers 6 and 8, and ACCA Qualification Papers F3, F7, F8, P2, and P7):

‘Cash flow statement’ will be ‘statement of cash flows’ from the June 2008 exam sitting onwards.

Income statements will continue to be examined in the existing format throughout 2008. From June 2009 onwards, examiners may choose to use a single ‘statement of comprehensive income’ – see Table 1.

For CAT Papers 6 (INT) and 8 (INT), and ACCA Papers F3 (INT), F7 (INT), F8 (INT), P2 (INT), and P7 (INT):
For exam purposes, the following applies to all companies, partnerships, and sole traders:
□ ‘Balance sheet’ will become ‘statement of financial position’ from the June 2008 exam sitting onwards.

□ ‘Cash flow statement’ will be ‘statement of cash flows’ from the June 2008 exam sitting onwards.

Another amendment resulting from the reissue of IAS 1 is a requirement to present ‘other comprehensive income’ items (such as revaluation gains and losses, and actuarial gains and losses), as well as the usual income statement items, on the face of the primary financial statements. IAS 1 allows this information to be presented in one ‘statement of comprehensive income’ (see Table 1), or in two separate statements; an ‘income statement’ and a ‘statement of comprehensive income’.

In an exam, whenever a ‘statement of comprehensive income’ is referred to, this always relates to the single statement format (see Table 1). (Please refer to the Study Guides for examinability of line items.)

If ‘income statements’ are referred to, this relates to the statement from ‘revenue’ to ‘profit for the year’ (see Table 1 (part a)).

Exams may also refer to the ‘other comprehensive income section’ of the ‘statement of comprehensive income’ (see Table 1 (part b) (similar to the previous ‘statement of recognised income and expense’ (SORIE))).

Law and tax variant papers
Law and tax variant papers continue to use the relevant local terminology. However, Paper F4 (GLO) will adopt the international format, where relevant.

Ellie Griffiths is education adviser at ACCA

*CAT Papers 1, 2, 3, 4, 5, 7, and 10
*ACCA Papers F1, F2, F5, F9, P1, P3, P4, and P5
EXAMPLE 1: ‘STATEMENT OF COMPREHENSIVE INCOME’ (IN ONE STATEMENT) GIVEN IN IAS 1

<table>
<thead>
<tr>
<th></th>
<th>20X7</th>
<th>20X8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>390,000</td>
<td>355,000</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(245,000)</td>
<td>(230,000)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>145,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Other income</td>
<td>20,667</td>
<td>11,300</td>
</tr>
<tr>
<td>Distribution costs</td>
<td>(9,000)</td>
<td>(8,700)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(20,000)</td>
<td>(21,000)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(2,100)</td>
<td>(1,200)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(8,000)</td>
<td>(7,500)</td>
</tr>
<tr>
<td>Share of profit of associates</td>
<td>35,100</td>
<td>30,100</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>161,667</td>
<td>128,000</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(40,417)</td>
<td>(32,000)</td>
</tr>
<tr>
<td><strong>Profit for the year from continuing operations</strong></td>
<td>121,250</td>
<td>96,000</td>
</tr>
<tr>
<td>Loss for the year from discontinued operations</td>
<td>-</td>
<td>(30,500)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE YEAR</strong></td>
<td>121,250</td>
<td>65,500</td>
</tr>
</tbody>
</table>

[a: income statement]

**Other comprehensive income:**

- Exchange differences on translating foreign operations: 5,334 10,667
- Available-for-sale financial assets: (24,000) 26,667
- Cash flow hedges: (667) (4,000)
- Gains on property revaluation: 933 3,367
- Actuarial gains (losses) on defined benefit pension plans: (667) 1,333
- Share of other comprehensive income of associates: 400 (700)
- Income tax relating to components of other comprehensive income: 4,667 (9,334)
- **Other comprehensive income for the year, net of tax**: (14,000) 28,000
- **TOTAL COMPREHENSIVE INCOME FOR THE YEAR**: 107,250 93,500

[b: other comprehensive income]

Profit attributable to:

- Owners of the parent: 97,000 52,400
- Minority interest: 24,250 13,100
- **Total comprehensive income attributable to:** 121,250 65,500

Profit attributable to:

- Owners of the parent: 85,800 74,800
- Minority interest: 21,450 18,700

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